TOKOLOGO LOCAL MUNICIPALITY

ANNUAL BUDGET NOTES
2014 –2016

31 MAY 2013

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2. BUDGET RELATED RESOLUTIONS

Budget for 2013/14

3.1 Council resolves that the draft multi-year annual budget of capital and operating expenditure for 2013/14 and the indicated two outer years of 2015/15 and 2015/16 which will be tabled for public scrutiny and input by April/May 2012 as set out by the following amended tables:

Table A1 :	Budget summary
Table A2 :	Budgeted financial performance (revenue and expenditure by standard classification)
Table A3 :	Budgeted financial performance (revenue and expenditure by municipal vote)
Table A4 :	Budget financial performance (revenue and expenditure)
Table A5 :	Budgeted capital expenditure by vote and funding
Table A6 :	Budgeted financial position
Table A7 :	Budgeted cash flows
Table A8 :	Cash backed reserves / accumulate surplus reconciliation
Table A9 :	Asset management

Table SA 36 : Budgeted capital expenditure by programme name

Multi-year Capital Budget

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Schedule 3 be approved.

Property Rates and other Municipal Tax

3.3 Council resolves that, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties, determined by the actual use, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2013 to 30 June 2014, provided that rebates, as indicated, on application be allowed.

Tariffs and Charges

3.4 Council resolves that the following general increases be apllied:

- Electricity tariffs to increase by 8% on consumption only;
- Water tariffs to increase by 5.06%;
- Refuse removal tariffs to increase by 5.06%;

- All other sundry tariffs i.e. cemetery fees, rentals, pound fees, dog licenses, halls, clearance certificates to increase by 5.06%;
- Sewerage tariffs to increase by 5.06%
- Property rates tariffs to increase by 5.06%

3.4.1 Council resolves that the individual tariffs and charges in the Tariff Schedule, attached as Annexure C, be applied.

Measurable Performance Objectives

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

Integrated Development Plan

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

Budget Related Polices

3.7 Council notes that the following Budget related polices will be tabled at later council seating prior to the final 2013/14budget being approved. Rfere to Annexure C regarding the overview on budget related policies.

3.8 Council notes that the review of other financial policies is subject to a project to be undertaken prior to the adoption of the final 2013/14 .

3. THE BUDGET

This section contains an Executive Summary of the budget, highlighting the processes and assumptions which guided the compilation of the budget.

3.1 Executive Summary

Overview
The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

> *"(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.*
> *(2) An annual budget –*
>> *(a) must be approved before the start of the budget year;*
>> *(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and*
>> *(c) must be approved together with the adoption of resolutions as may be necessary –*
>>> *(i) imposing any municipal tax for the budget year;*
>>> *(ii) setting any municipal tariffs for the budget year;*
>>> *(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;*
>>> *(iv) approving any changes to the municipality's integrated development plan; and*
>>> *(v) approving any changes to the municipality's budget-related policies."*

3.1.1 Strategic Focus Areas and Municipal Priority Issues

The following strategic focus areas remain for the 2013- 2014 financial year:-

- Growth
- Inclusiveness and public participation
- Sustainability
- Empowerment – LED projects
- Political stability
- Administrative efficiency
- Streamlined and realistic IDP

Council has reconfirmed these strategic priorities. However the top priorities for the next three financial years will be the restoration of the internal control processes and adhering to compliance matters.

This annual budget is in the approved format outlined in National Treasury Circular No 59 and has the following features:-

- A deficit operating budget containing expenditure details and realistically anticipated revenues; this is non-cash deficit, and is borne out of minimised increases on tariffs to ensure a realistic budget and recoverability of debtors;
- A balanced budget for capital expenditure that is within realistic funding already secured, together with the projected future financial implications of such capital expenditure;
- Actual results for the previous years; and
- Adjusted budget for the current financial year, the next year's budget and the outer two years.

Within the available resources the budget reflects the Council's IDP and details the methods of funding.

An in-depth review of revenue has taken place and the level of spending is limited by the availability of realistically anticipated revenue based on current and projected payment levels. In addition the ability of consumers to pay the revised tariffs has been taken into consideration.

Municipal Services:	29%
Government Grants and Subsidies:	69%
Other Income:	2%.

The major expenditure allocations are as follows;

Employee related costs:	42%
Councilor remuneration	3%
Repairs and maintenance	6%
General expenses	31%
Bulk purchases	21%
Provision for bad debts	4%
Depreciation	6%

Due to the low payment levels a number of issues such as repairs and maintenance, inadequate provisions, staffing requirements etc. are not fully covered. However planning and development of strategies to address these issues are part of the continuing municipal turnaround strategy sessions. It is trusted that the expected significant improvement in this area will result in more funding becoming available in the adjustments budget during Jan 2014.

Grants were received as follows:

Equitable Share	43 518 000
Finance Management Grant	1 650 000
Municipal Systems Improvement Grant	890 000
Municipal Infrastructure Grant	20 562 000
Regional Bulk infrastructure	32 820 000
EPWP Incentive Grant	1000 000

The capital budget is balanced and totals R57.3 million funded through transfers from National Government Grants 93% and internally funded 6.9%.

3.1.2 National Treasury guide lines in terms of allocations

An extract from MFMA Circular No. 51 reads as follows:

4.2 Mayor's discretionary funds and similar discretionary budget allocations
It has been observed that many municipal budgets contain sub-votes or allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary type funds.

- *National Treasury regards these types of allocations as a bad practice because:*
- *It is not clear how they are aligned to the constitutional requirement that municipalities structure their budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community (see section 153(a) of the Constitution);*
- *They do not provide for the appropriation of funds for the purposes of a department or functional area of the municipality (see the definition of 'vote' in section 1 of the*
- *MFMA);*
- *They undermine the budget consultation processes since the intended use of the*
- *funds is not transparently reflected in the tabled budget; and*
- *There is a risk that they may be abused for personal gain or to improperly benefit*
- *another person or organisation.*

Therefore National Treasury discourages allocations of this nature. Good budget practice requires that a municipal budget should transparently indicate the purposes and areas where municipal funds (i.e. public funds) are to be allocated.

Further key issues to be noted in MFMA Circular No. 58, 59, 66 &67

4. BUDGET PROCESS OVERVIEW

4.1 Background

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The Tokologo Local Municipality (TLM) IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Municipal Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

During the past ten years TLM has made significant strides in ensuring that there is noticeable improvement in the infrastructure development and we have made definite progress in enabling the people of this region to enjoy the fruits of liberation and democracy. We have seen substantial improvements made in providing, building houses, electrification programmes, providing sanitation and that the bucket system can be fully eradicated. We have laid a solid foundation and are on course to improving the lives of our communities. As we celebrate the change in our communities, we are also aware of the many challenges we still face. Our fight against poverty and underdevelopment will be further intensified. Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Tokologo is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Tokologo. For this reason TLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Tokologo;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

REVIEW OF THE BUDGET PROCESS

- Budget Timetable not 100% followed throughout the process, and thus there were gaps in the statistical information.
- Draft budget submitted in the prescribed format.

- Key target dates met:-
    - Draft Budget and Draft IDP submitted to Council on 31 March 2013 - Draft IDP referred back – Draft Budget approved
    - Process of community consultation in progress - additional community meetings to be held during April/May 2013
    - Final budget will be submitted on 31 May 2013

Public Consultation and Planning

The TLM is striving to deepen the democratic process of governance in Tokologo. Community-Based Planning (CBP) is one of the initiatives identified to achieve this objective. CBP is a planning and implementation process that provides a platform for the communities to engage in interactive participation in planning and decision-making for implementation in their wards.

The municipal planning system, as elaborated in the Municipal Systems Act, 2000, has been formulated to play a critical role in determining how resources are allocated, especially the budgets of the municipality. Our experience over the past few years has clearly demonstrated that unless the community, especially the poor, can influence these budgets, the ability to promote sustainability, a key priority of our IDP, will be limited, as will be the impact of our local democracy.

5. ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The IDP contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the TLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed with stakeholders such as government departments, ward committees, CDW NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document. As such the IDP and budget are not completely aligned as prescribed by circular 59. However the aligning process should be finalised by end May 2013.

6. BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

One of the reasons for the municipality struggling to collect revenue is that the current economic conditions especially for this community. Poverty and unemployment rates are quite high in this community, and thus credit control and debt collection policy cannot be applied in full. This results in the municipality not being able to vigorously implement the revenue enhancement strategy and not being able to disconnect defaulters without having to face being challenged in court or riots. A door to door campaign will be undertaken by the municipality to curb high un- collectability rates and to ensure that the indigents register can be updated to include more of the community. The indigent policy is being reviewed and when the budget process is finalised, this policy should be final as well and could then create an opportunity to include more of the community.

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 59 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4, 17 (1) (a) and (3) (b)).

The overview is attached as Annexure C:

Council notes that the review of other financial policies is subject to a project to be launched internally from generic policies to be tailor-made for the implementation by the Municipality in the new financial year.

7. BUDGET ASSUMPTIONS

8.1 National Treasury provided guidance in MFMA Circular No. 59 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2010/11 Actual	2011/12 Estimate	2012/13	2013/14 Forecast	2014/15
Headline CPI Inflation	5%	5.7%	5.5%	5.1%	4.9%

8.2 The inflation rate to be used for calculating wage increases

The period of the *SALGA Salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, municipalities are advised to budget for a 5 per cent cost-of-living increase adjustment*, to be implemented with effect from July 2012 (in-line with the increase in the 2012 MTBPS).

NT benchmark as per Circular 59 5.0%

Consequently, National Treasury suggests that municipalities use 5.0 per cent as a benchmark for determining wage increase for the 2013/14 financial year. Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) if the Municipal Systems Act 32 of 2000 are excluded from the collective agreement. The municipality must still undertake a process of bringing parity regarding section 57 manager salaries. Other Municipalities of a similar size should be used as a benchmark.

8.3 Electricity tariff increase

NERSA provided a guide to determining proper tariff increases, however these calculation would be impractical to implement as the municipality has not kept proper statistical data to facilitate this process. It was therefore decided that the base increase of 11.03% will be applied over the prior year's revenues. Although this is not ideal as the municipality is subsidising the purchase of electricity from own funds and will result in non-achievement of breaking even. Endeavours are underway to ensure that there is improvement in the collection and maintenance of statistical data and that the formula guides by NERSA can be applied. The services accounts will be ring-fenced for better price setting and to monitor performance for each service.

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Tokologo's collection rate is set at

an average of 70% but the intention is to increase it to between 70% - 80% for the forthcoming year. It is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.

8. FUNDING THE BUDGET

9.1 FUNDING OF THE CAPITAL BUDGET

The 2012/2013 capital budget amounts to approximately R57.3 million. External grants of R53.3 million as well as R4 million generated internally from VAT refunds under statement of financial position budget funding the Capital Budget.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Electricity, Water, Sewerage and Refuse Collection; and
- Operating Grants and Subsidies.
- Revenue from the previous financial year was not increased significantly due to the collection rate which has not improved.
- The Equitable Share for the current year also increased by only R460 000 compared to the previous financial year which implies that the municipality will have to be conservative in its expenditure in the current year

Electricity

Guidelines for the bulk electricity tariff increase to be implemented by municipalities were issued by National Treasury in Circular 67 as being a maximum of 8%. This increase, together with increases in expenditure on Salaries and Wages, Repairs and Maintenance, contributions to the Rate Account would generally require the electricity tariffs to increase by an average higher than the envisaged increase, however due to reasons explained previously it will be limited to the 8% proposed by NERSA.

Sundry tariffs

Sundry tariffs which include, cemetery fees, games fees, pound fees, dog licenses, halls, clearance certificates will be increased by 5.06%.

Water

The Tokologo water tariffs are not rendered cost efficiently, as the costs must be appropriately calculated and related rates determined. A strategy session will be undertaken during May 2013 to discuss pricings and how cost effective tariffs settings can be sought.

Refuse

Refuse tariffs to increase by 5.06%.

Sewer

Sewerage tariffs to increase with 5.06% although it costs more to service due to water consumption but the proper increases will be appropriately considered in the out years.

9. ANNUAL BUDGETS AND SERVICE DELIVERY AND IMPLEMENTATION PLANS

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

(a) Monthly projections of –
    (i) Revenue to be collected, by source, and
    (ii) Operational and capital expenditure, by vote.
(b) Service delivery targets and performance indicators for each quarter, and
(c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2012 to 30 June 2013 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of
financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 57 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The SDBIP for the 2013/2014 financial year will be approved by the Mayor before 30 June 2013 following approval of the Budget.

10. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, **Mr Kelehile Motlhale**, Accounting Officer of the Tokologo Local Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, except where information was not readily available, those schedules would be incomplete, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

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Mr. Kelehile Motlhale
Accounting Officer
Tokologo Local Municipality (FS182)

Date

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Annexure A

Summary of key issues – MFMA Circular 55, 58, 59

Circular 55

There is no legal requirement that the operating budget (i.e. the Financial Performance Budget as reflected in Tables A2, A3 and A4) of a municipality must be balanced or be in surplus.

Section 18 of the MFMA requires that an annual budget must be „funded‟, and identifies three possible funding sources: (a) realistically anticipated revenues to be collected, (b) cash-backed accumulated funds from previous years‟ surpluses not committed for other purposes, and (c) borrowed funds, but only for the capital budget. The Municipal Budget and Reporting Regulations prescribe budget Tables A7 and A8 which, if completed correctly by the municipality, provide most of the information required to evaluate whether a municipality's operating and capital budgets are "funded" or not:

Circular 58, 59 & 67

Key focus areas

1. Taking the 2011 Local Government and Expenditure Review forward

i. **Revenue management** - To ensure the collection of revenues, municipalities need to ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed.

ii. **Collecting outstanding debts** - This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households.

iii. **Pricing services correctly** - The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities.

iv. **Underspending on repairs and maintenance** - Often seen as a way to reduce spending in the short term, underspending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services.

v. **Spending on non-priorities** - Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks.

2. National priority – creating decent employment opportunities

Creating decent employment opportunities remains a national priority. In drafting their 2012/13 budgets and MTREFs all municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme.

Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- National priority – creating decent employment opportunities
- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;

- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

3. Additional allocations to local government

Municipalities MUST ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2012 Division of Revenue Bill.

4. Procurement reforms and fighting corruption

Municipalities are again advised that the supply chain compliance unit will also be focusing on municipal procurement processes. Consequently, municipalities can expect requests for information relating to their tender committees and processes, as well as specific tenders and contracts.

Municipalities are also encouraged to introduce greater transparency to municipal supply chain processes by publishing SCM process outcomes on their websites.

5. Headline inflation forecasts

i. The headline inflation forecast for 2012/13 is 5.4 per cent. Municipalities must take this into consideration when preparing their budgets.

ii. Municipalities should also take into account the wage agreement SALGA has come to an end and they should use an average increase of 5%.

6. Revising rates, tariffs and other charges

- Municipalities must explore imaginative ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to maintain, renew and expand infrastructure.
- The anticipated increase by NERSA is expected to be 13.05% for bulk purchases and municipalities are then encouraged to budget 11% if there is no full justification for a higher rate.
- All municipalities should aim to have appropriately structured, cost-reflective water, sanitation and solid waste tariffs in place by 2014.

7. Funding choices and management issues

i. Municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts

ii. Municipalities must pay special attention to controlling unnecessary spending on nice-to have items and non-essential activities, such as foreign travel, councillor and staff perks, and advertising and public relations activities.

iii. Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the refurbishment of existing network services.
iv. Municipalities must include a section on ‘Drinking water quality and waste water management’ in their 2012/13 budget document supporting information
v. Allocations to “Mayoral Discretionary Funds”, “Special Projects”, “Special Events” or similar discretionary type funds are discouraged.
vi. Municipalities are urged to allocate all Ward Allocations in tabled and approved budgets.
vii. Ensure that VAT on transfers is treated according to the guide and requirements of the circulars.
viii. Accounting for properly for retention

8. Conditional transfers to municipalities

i. To bring legal certainty to the process of managing unspent conditional grant funds, section 20 of the 2010 Division of Revenue Bill regulates the process.
ii. Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA. Written permission to spend these rolled over funds will be given by National Treasury.

9. The Municipal Budget and Reporting Regulations

i. All municipalities must prepare budgets, adjustments budgets and in-year reports for the 2012/13 financial year in accordance with the Municipal Budget and Reporting
- Regulations. In this regard, municipalities must comply with both:
- The formats set out in Schedules A, B and C; and
- The relevant attachments to each of the Schedules (the Excel Formats).

ii. All municipalities must do a funding compliance assessment of their 2012/13 budgets in:
- accordance with the guidance given in MFMA Circular 42 and the MFMA Funding
- Compliance Guideline before tabling their budget, and where necessary rework their
- budget to comply so that they table a properly funded budget.

10. Budget process and submissions for the 2012/13 MTREF

i. The deadline for the submission of tabled draft budgets is Wednesday, 10 April 2013.
ii. The deadline for the submission of approved budgets is ten working days after the council approves the annual budget.

Annexure B

OVERVIEW OF BUDGET-RELATED POLCIES
MTREF 2013/2014

Listed below is a brief description of the budget-related policies. The policies were not presented with the budget, and will be tabled in the next council seating. These should be part of the final adopted budget to be tabled before 31 May 2013. The policies are in place under review, and are also available from TLM upon request.

1. Supply Chain Management Policy

The comprehensive Supply Chain Management Policy governs, inter alia, the procurement of goods and services; disposal of goods and selecting contractors to aid the Municipality in service delivery. This policy sets out the procedures that must be followed for the above activities in order to comply with all relevant legislation effectively.

2. Fixed Asset Management Policy

The Fixed Asset Management Policy governs the acquisition, utilisation, control, maintenance and disposal of assets of TLM. This policy ensures that assets are managed in an economical, effective and efficient manner throughout their life cycles, to achieve the maximum level of service.

3. Credit Control & Debt Collection Policy

The Credit Control & Debt Collection Policy, adopted by Council, focuses on all outstanding debt and aims to promote a culture of good payment habits amongst debtors. Debtors have a responsibility towards the payment of their accounts. This policy implements an appropriate, innovative system of debt collection, which is also cost-effective. The aim of this policy is to ensure that debt is collected in the shortest possible time, without any interference in the process, thereby reducing all municipal debt.

The Credit Control & Debt Collection Policy ensures a sensitive, transparent and equitable approach to debt recovery. It prescribes methods to effectively and efficiently deal with those who default on payments, whilst taking indigent consumers into consideration and keeping costs to a minimum

4. Cash Management & Investment Policy

The Investment & Cash Management Policy ensures that all investments are made in an effective and efficient manner and generate the best return for the TLM. This policy ensures that all investments made take into account the preservation and safety of the principal and appropriate liquidity.

5. Tariff & Rates Policy

The Rates Policy applies to all currently rated properties and also covers exemptions, rebates and reductions. This policy ensures that all new rates are tabled to Council for approval, before being implemented. Endeavours will be made to ensure that the policy can be in line with MPRA during the 2013/14 budget year

6. Budget Policy

The Budget Policy sets out the principles followed by TLM in drafting the MTREF. This policy covers the responsibilities of the Mayor; the MM; the CFO and other senior managers in preparing the MTREF. The operating and capital budget; budget funding; budget transfers; unavoidable expenditure and the budget preparation process are covered extensively.